

338.7
3+25
1956



STANDARD OIL COMPANY OF CALIFORNIA

1956

ANNUAL REPORT





This Chevron hallmark, adopted generally throughout all phases of Company operations, provides a nationally and internationally known symbol of identification of the Company's products. It is now in use in nearly all countries of North and South America in which the Company and its subsidiaries operate, and its use is being extended elsewhere in the world. Service stations, operating facilities, product packages, motor vehicles, advertising, printed forms and letterheads will carry this distinctive hallmark.



The Hallmark.



Drilling Crew, Taft, Calif.



Fluid Cracker, El Segundo.



Petrochemicals in agricultural sprays.



Laboratory product testing.

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STANDARD OIL COMPANY OF CALIFORNIA

Directors and Officers

R. G. FOLLIS *Chairman of the Board, Director*
T. S. PETERSEN *President, Director*
HILLYER BROWN *Vice-President, Director*
ASA V. CALL *Director*
G. A. DAVIDSON *Vice-President, Director*
T. L. LENZEN *Vice-President, Director*
GAGE LUND *Vice-President, Director*
ATHOLL McBEAN *Director*
E. J. McCLANAHAN *Vice-President, Director*
ROBERT W. MILLER *Director*
G. L. PARKHURST *Vice-President, Director*
PAUL PIGOTT *Director*

W. H. BEEKHUIS *Vice-President*
K. H. CRANDALL *Vice-President*
W. W. DAVISON *Vice-President*
P. L. FAHRNEY *Vice-President*
F. M. JAYNE *Vice-President*
G. J. O'BRIEN *Vice-President*
E. R. PETERSON *Vice-President*
G. M. FOSTER *Secretary*
H. C. JUDD *Treasurer*
W. K. MINOR *Comptroller*

RESULTS IN BRIEF

	1956	1955
<i>Gross Income</i>	\$1,567,348,030	\$1,376,557,620
<i>Net Income — Western Hemisphere</i> . . .	\$ 163,822,013	\$ 140,825,808
<i>Eastern Hemisphere</i>	104,068,788	90,312,847
<i>Total</i>	\$ 267,890,801	\$ 231,138,655
<i>Net Income Per Share</i> (63,224,386 shares)	\$4.24	\$3.66
<i>Equity (not included above) in earnings retained by Eastern Hemisphere affiliates</i>	\$ 10,140,432	\$ 20,776,554
<i>Capital and Exploratory Expenditures</i> .	\$ 361,099,996	\$ 346,638,097
<i>Total Assets</i>	\$2,041,373,083	\$1,855,610,313
<i>Liabilities</i>	350,581,298	328,389,092
<i>Stockholders' Equity — at book value</i> . .	\$1,690,791,785	\$1,527,221,221
<i>Additional Equity in Eastern Hemisphere Affiliates</i>	415,900,524	405,760,092
<i>Combined Equity</i>	\$2,106,692,309	\$1,932,981,313
<i>Dividends: In cash</i>	\$ 104,320,237	\$ 90,320,553
<i>In stock</i>	—	5%

Production—Refining—Sales:

	Barrels Daily	
Gross Production of Crude Oil and Natural Gas Liquids		
Western Hemisphere	415,336	365,845
Interest in Eastern Hemisphere	393,158	357,489
Total World-Wide	808,494	723,334
Refinery Runs of Crude Oil		
Western Hemisphere	504,167	462,187
Interest in Eastern Hemisphere	248,995	230,323
Total World-Wide	753,162	692,510
Sales of Petroleum Products		
Western Hemisphere	511,893	492,613
Interest in Eastern Hemisphere	243,158	217,106
Total World-Wide	755,051	709,719

ANNUAL REPORT TO STOCKHOLDERS

1956

To you, the 137,381 stockholders of Standard Oil Company of California, we welcome this opportunity to report on the Company's activities.

The Company's net income for 1956 was \$267,890,801, or \$4.24 a share, as compared with the 1955 net of \$231,138,655, or \$3.66 a share, on the basis of the number of shares now outstanding.

Stockholders received in June an additional share for each share they held, as a result of a two-for-one stock split voted at the annual meeting. There was another such split in 1951 and in addition four stock dividends of 5 per cent each have been declared since 1948.

Cash dividends of \$104,320,237 were paid to stockholders during the year, an increase of \$13,999,684 over the amount paid during the previous twelve months. Dividends in each of the final two quarters of 1956 were at the rate of 45 cents a share on the 63,224,386 shares now outstanding. These were equivalent to quarterly payments of 90 cents a share before the split, when the quarterly dividends were 75 cents a share.

Operations reflected not only the state of the business economy generally, but also the Company's large scale expansion program, which has been carried on over a period of years. During the last five years, expenditures in the Western Hemisphere for capital and

exploratory purposes have totaled about \$1,500,000,000. In 1956, these expenditures were \$361,000,000, an increase of \$14,000,000 over the previous year.

Cash outlays, including higher dividend payments, were substantially in balance with the generation of income from operations during 1956. The Company had \$137,500,000 in cash and government securities on hand at the end of the year, a decrease of \$4,500,000 from the total held at the end of 1955.

During the year, the Company disposed of its 62½ per cent stock interest in Col-Tex Refining Company, which operates a refinery at Colorado City, Texas. The Company realized a profit of \$2,588,060 after taxes from the sale of this investment.

Capital and exploratory expenditures for 1957 in the Western Hemisphere are expected to exceed \$400,000,000, but it is anticipated that cash generated from operations, together with the funds on hand, again will be sufficient for these requirements without recourse to outside financing.

The Company's long term direct debt remained substantially unchanged during 1956, with \$77,000,000 outstanding at the end of the year.

There has been an increase in the stockholders' equity in the last ten years, from \$715,080,000 to \$2,106,692,000 at the end

Note: References to "the Company" include activities of wholly owned operating subsidiaries. Use of the term "affiliate" refers to a company in which the interest held is less than 100 per cent.

of 1956. These figures include both the net assets in the Company's balance sheet and the Company's additional equity in the net assets of Eastern Hemisphere affiliates, which has risen \$346,655,000 in the period. The three-fold increase has been largely the result of reinvestment of a substantial portion of the net income of the Company and its affiliates to finance the continued expansion of their business.

The Company's 1956 world-wide gross production of crude oil and natural gas liquids, including its interest in the production of Eastern Hemisphere affiliates, was 808,500 barrels daily, an increase of 12 per cent over 1955.

WESTERN HEMISPHERE

While activities in all phases of the business were accelerated during 1956, the most significant long range developments were in the fields of exploration and production. Additions to proved reserves of oil in the ground exceeded withdrawals at the rate of more than two barrels to one, thus adding about a full year's supply to net reserves. New finds of major importance were made in Louisiana and California and offshore in the Gulf Coast.

It is of interest to note that over the last five years the discovery of new oil replaced the total quantity of oil produced during the period and, in addition, increased the Company's net reserves by more than 50 per cent.

The cumulative effect has been to increase the number of proved properties to be drilled so that development costs have steadily grown. About \$147,000,000 was spent for development in 1956 and about \$119,000,000 for exploratory purposes.

Of the remaining \$95,000,000 expended during the year, \$39,000,000 went for new and improved manufacturing facilities. Substantial refinery investments were made to increase output of petroleum products and to improve their quality, particularly that of motor gasolines to meet requirements of the new automobiles. Petrochemical facilities were enlarged and new ones were built to improve

the Company's position in this field. Completion of other facilities enabled the Company to make its first venture into large scale marketing of agricultural fertilizers.

EASTERN HEMISPHERE

The crisis arising from the closing of the Suez Canal was one of the most serious ever to confront the oil industry. Its effects will be felt in world economics for some time to come.

While the situation caused temporary increases in production in the United States, the operations of Eastern Hemisphere affiliates of the Company were adversely affected. The world's tanker capacity could not meet the sudden requirements for moving large amounts of oil from the Middle East to Europe by passage around the southern tip of Africa. Even with the reopening of the canal, it will take months to restore normal ship movements and to replenish inventories. Furthermore, it is impossible at this time to say whether the political situation in the Middle East will be quickly stabilized.

In view of these conditions, it is anticipated that the Company's earnings from Eastern Hemisphere affiliates will be reduced during 1957, although these results are expected to be offset by improved results from Western Hemisphere operations.

The Eastern Hemisphere contribution to the Company's 1956 net income, principally as dividends from affiliates, was not affected by the crisis and amounted to \$104,069,000 after taxes, as compared with \$90,313,000 in 1955.

The situation did, however, reduce the equity in undistributed earnings of the affiliates to \$10,140,000 in 1956, as compared with \$20,777,000 in the previous year.

A bright spot in these developments has been the co-operation between the Company's affiliates operating in the Middle East and the various governments of that region, particularly that of Saudi Arabia. There has been no interruption to the flow of oil through the pipe line that transports more than 300,000 barrels daily of oil from Saudi Arabia to the Lebanese

port of Sidon on the eastern Mediterranean.

It is likely that the blocking of the Suez Canal will bring about changes in the future transportation of oil from the Middle East to the world's markets. Supertankers being built by the oil industry throughout the world will be large enough to make the long voyage around the Cape of Good Hope at an economical rate. The Company now has on order or under construction five supertankers with capacities ranging from 40,000 to 65,000 deadweight tons. They will be delivered over a period of years and will add to the present

fleet of large vessels owned or under charter. Consideration also is being given to additional pipe lines to transport Middle East oil.

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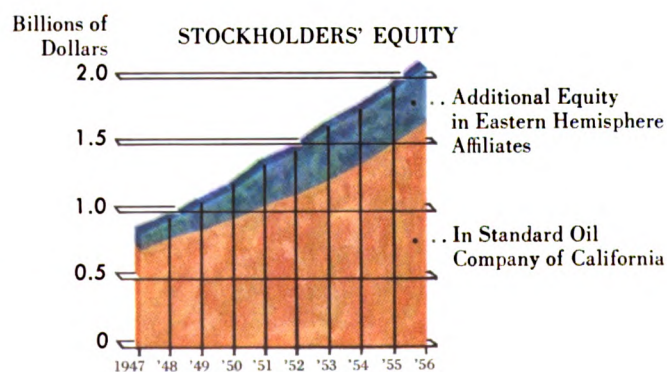
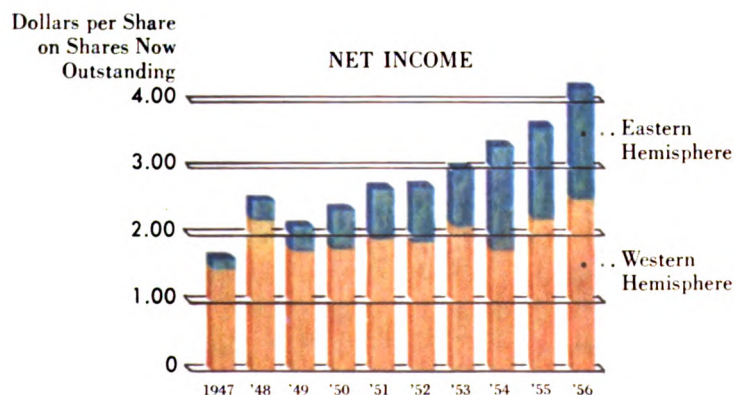
While the Company's resources and prospects were at an all time high, it remained for the employees to carry out the plans and programs necessary for the continuing success of the business. The management of the Company expresses its appreciation to all of them for their loyalty and enterprise, which, as importantly as any other factors, were responsible for the year's accomplishments.

By Order of the Board of Directors

T. S. PETERSEN, President

R. G. FOLLIS, Chairman of the Board

March 14, 1957



THE RESEARCH LABORATORIES

California Research Corporation, a wholly owned subsidiary and the research arm of Standard Oil Company of California, maintains laboratories at three locations in California. Employees number nearly 1400.



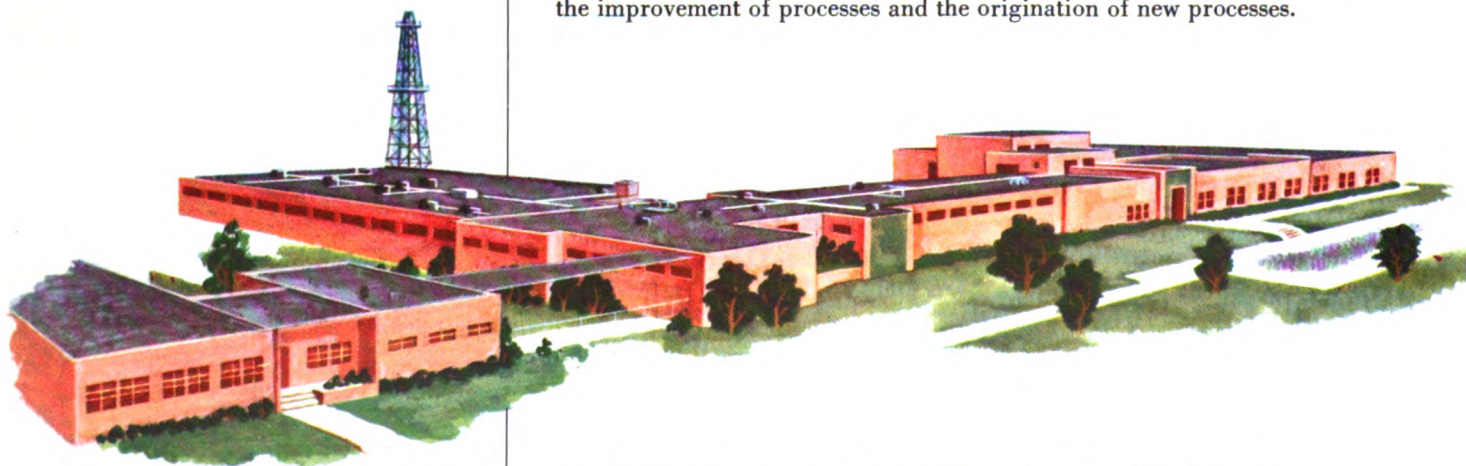
RICHMOND

The largest laboratory is beside Richmond refinery on San Francisco Bay. At this laboratory research work is conducted on new refinery processes, new and improved petroleum and chemical products, technical service to customers and to other departments and subsidiaries of the Company. All the laboratories do considerable pioneering research into new unknown fields.



EL SEGUNDO

The El Segundo laboratory is located at El Segundo refinery near Los Angeles. As at Richmond, research is conducted into refinery processes, the improvement of processes and the origination of new processes.



LA HABRA

The La Habra laboratory is located directly within the oil fields near Los Angeles. Research here covers geology, geophysics and other exploration sciences, and the fields of oil production, such as hydraulics, secondary recovery and drilling, including offshore.

REVIEW OF OPERATIONS

STANDARD OIL COMPANY OF CALIFORNIA

WESTERN HEMISPHERE

A new subsidiary, Standard Oil Company of California, Western Operations, Inc., was formed late in 1956 to manage the Company's integrated operations in the Pacific West. The action was a further step in organization streamlining which has been going on for several years. The purpose of this program is to give greater autonomy and responsibility to the executives of operating companies. This organization includes the Company's activities in the seven Western States, Alaska, Hawaii and various Pacific Islands.

EXPLORATION AND PRODUCTION

While the petroleum industry has grown increasingly complex in recent years, in both the nature and the scope of its operations, the traditional objective of the business has remained unchanged — to find oil, and to bring it to the earth's surface, where it can be processed into usable products.

In an integrated operation such as the Company's, this need to discover additional oil has become more urgent than ever, as other branches of the business expand rapidly to anticipate and meet the swift pace of economic growth. This oil has been found in substantial quantities in recent years, to provide a solid basis for regularly increasing rates of production.

Surface exploration or actual drilling of prospects went forward in 1956 in 20 states and in Alaska, in five of the Canadian provinces and territories and in 10 countries in Central and South America and the Caribbean. The operating companies engaged in this work were Standard Oil Company of California, Western Operations, Inc. in the Western States

and Alaska; The California Company in the Gulf Coast and Rocky Mountain areas; Standard Oil Company of Texas in Texas and New Mexico; The California Standard Company in Canada, and Richmond Exploration Company and others elsewhere in the Western Hemisphere.

The following summarizes drilling operations for 1956:

Completions (including gas wells)	
Exploratory	32
Development	779
Dry holes	
Exploratory	84
Development	78
Total wells drilled	973

Recent years' emphasis on exploration and production is to be continued in 1957. Approximately 1,030 exploratory and development wells have been planned for the coming year in the Western Hemisphere.

During 1956, gross production reached a new high rate of 415,300 barrels a day, including 19,300 barrels a day of natural gas liquids, compared to a 1955 rate of 365,800



Aerial exploration by camera.



Gravity meter, Venezuela.



Shooter, Louisiana bayous.



Seismographic explosion, Montana.

barrels a day, of which 19,300 barrels were natural gas liquids.

The Company's sales of natural gas in 1956 were 296,000 thousand cubic feet daily.

At the close of 1956, the Company had 9,336 wells producing. Geographic distribution of production was as follows:

California . .	140,600 barrels daily
Other U. S. . .	189,400 barrels daily
Other Western Hemisphere . .	85,300 barrels daily

The Company continued to increase its production from offshore wells in the Gulf of Mexico, reaching a rate of 38,900 barrels daily, which was 35 per cent of the industry's total production in this area. Three discoveries of major proportions were made in the Gulf, while three others remain to be evaluated. Four major onshore discoveries were made in Louisiana and one in California. Other discoveries awaiting evaluation were made in Colorado, Texas, New Mexico and Montana.

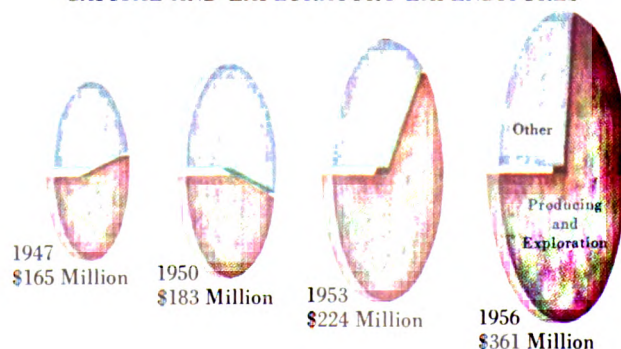
Extensive geological studies were made in 16 states, but the greatest emphasis on exploration was centered in the coastal areas of Louisiana, which in the recent past have been found to be highly favorable. New leases were acquired in virtually all of these states. Land holdings were acquired on a broad scale in the Four Corners area in the Southwest, which recently has been the scene of some of the most active oil development in the United States, and an intensive exploration program is being pursued there.

In California, the Company was a successful joint bidder on the first offshore tract to be leased by the State since the passage of enabling legislation in 1955. Shortly after this award, other offshore tracts were withdrawn from bid, pending a review by the Legislature of the present leasing provisions pertaining to the submerged lands. The Company believes the present lease provisions are equitable and offer proper incentives for development of the offshore areas. It has, with other representatives of the industry, recommended that these provisions be left unchanged until they can be tested in practice.

Activity in Canada during the year emphasized evaluation of holdings previously acquired and the expansion of productive capacity. Two exploratory wells were completed as important gas discoveries in Alberta.

Sale of Alberta gas to eastern markets, now awaiting final contractual negotiations, is expected to begin in 1957. The Company has large untapped gas reserves in Canada and

CAPITAL AND EXPLORATORY EXPENDITURES





Rock specimen, California.



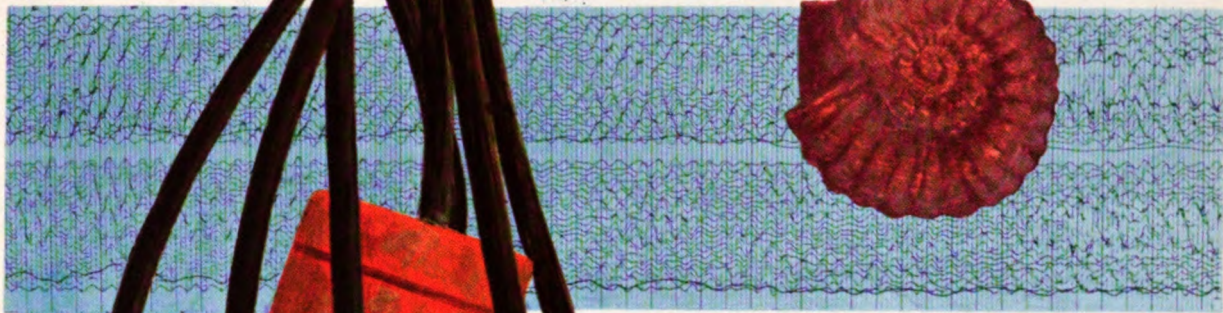
Mapping, Wyoming.



Balloon holds underwater charge.



Underwater Gulf seismic explosion.



EXPLORATION

The tools of the geologist and geophysicist on this page are, at top, a seismographic record and a fossilized ammonite from the Mesozoic Age. Far left is a geologist's pick, center, the geophones that pick up underground echoes, and below, left, a Brunton compass, and right, the geologist himself with plane table and alidade.





Jungle rig, Venezuela.



California rig, Taft.



Cementing rig, Utah.

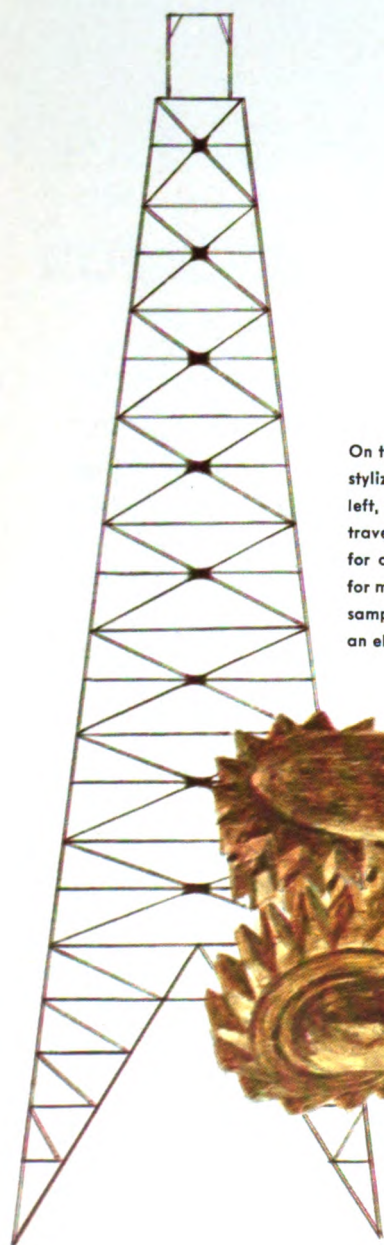


Diamond core bit.

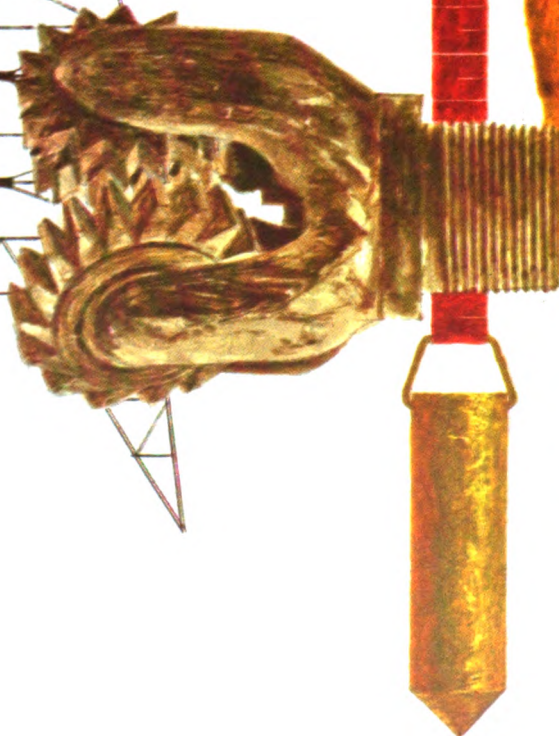
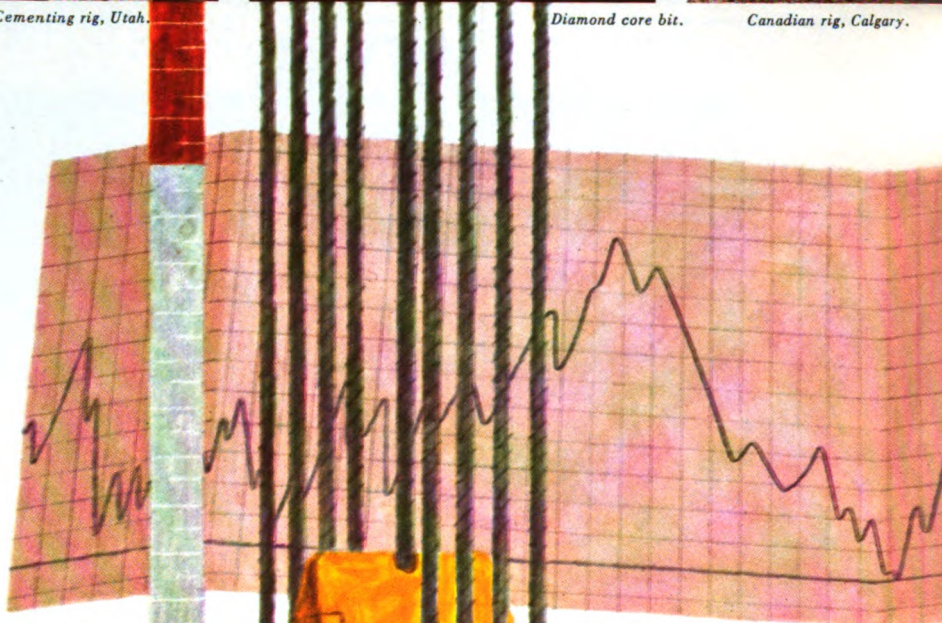


Canadian rig, Calgary.

PRODUCTION



On this page is a stylized drilling rig, left, a hard-rock bit, a two-ton traveling block or pulley for drilling, a tape and "thief" for measuring tanks and taking samples and, at top, an electric log of an oil well.





California drilling crew.



Gulf offshore rig.



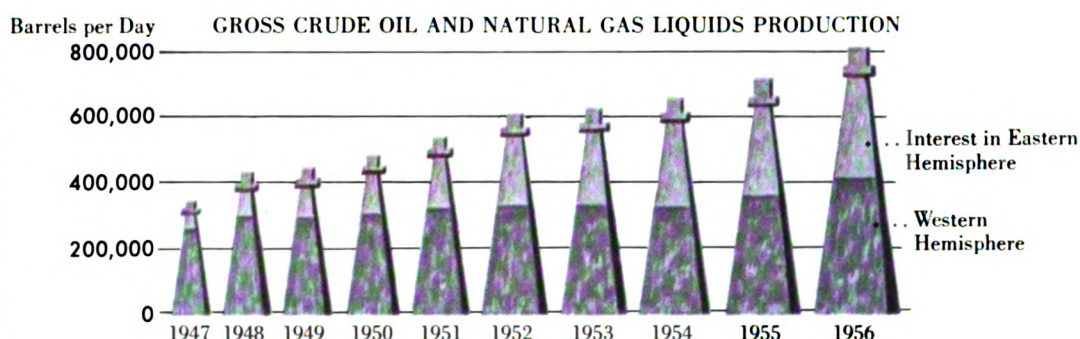
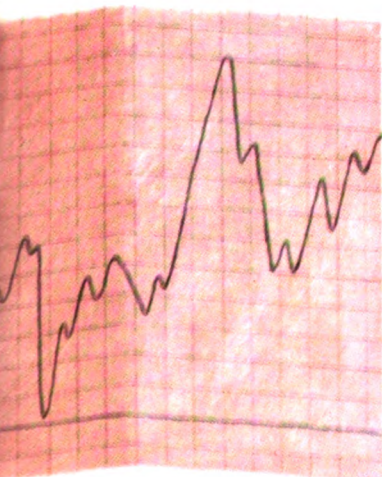
Natural gasoline plant, Colorado.



Bayou rig, Louisiana.



Inserting perforating charges.



plans a general program for their economic development once satisfactory arrangements are completed for the sale of this gas.

Company efforts in Latin America were also stepped up in consequence of increasing demands for oil in and from that region. Foremost was the further development in Venezuela of the Boscan field, where production of crude oil was increased to 61,700 barrels

daily, up 37 per cent over the rate for 1955.

Markets are being sought for a natural gas discovery made in Colombia in 1956 and for another gas discovery made in Trinidad in 1955. Geological and other surface studies continued over sizable areas and additional lands were acquired in the foregoing Latin American countries and in Ecuador, the Bahamas and Guatemala.

CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION — (Barrels Per Day)

	Gross		Net	
	1956	1955	1956	1955
California	140,641	137,277	129,071	125,200
Other United States	189,390	165,538	164,490	144,061
Canada	23,552	17,936	20,593	15,676
South America	61,753	45,094	51,463	37,579
Total Western Hemisphere . .	415,336	365,845	365,617	322,516
Eastern Hemisphere*	393,158	357,489	388,503	354,819
Total World-Wide	808,494	723,334	754,120	677,335

*Proportion of operations in Eastern Hemisphere represented by the Company's stock interest in affiliates owned 50% or less and a subsidiary.



Nitric acid plant, Richmond.



Salt Lake Refinery, Utah.



Alkylation plant, El Paso.



Isophthalic plant, Richmond.

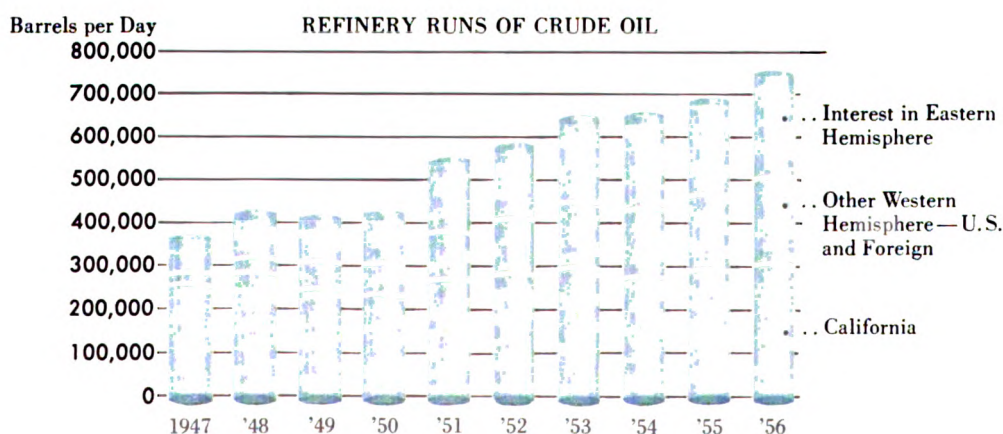
The Company's principal refineries are at Richmond, El Segundo and Bakersfield, California; Salt Lake City, Utah; El Paso, Texas; Perth Amboy, New Jersey; and Vancouver, British Columbia. All these plants have been enlarged and improved with new facilities in recent years. However, to prepare for even higher product demands, an expansion program was begun at Richmond and El Segundo which will increase their combined crude running capacity by 50,000 barrels daily. They and the third California refinery will then have a combined capacity of 355,000 barrels daily. Construction of new units also was started at El Paso and Salt Lake City.

Western Hemisphere refineries of the Company ran 504,200 barrels daily of crude oil in 1956, the highest level yet attained. In 1955, 462,200 barrels daily were run.

Plans were announced for a new refinery near Everett, Washington. Construction is scheduled to begin as soon as the installation is required to meet rapidly growing demands of the Pacific Northwest. Construction of a projected new refinery at Honolulu has been deferred pending acquisition of the desired site. Efforts to obtain the land are continuing.

A refinery was completed at Bajo Grande, Venezuela, for manufacture of asphalt and heavy fuel oil. Operations began in June.

An affiliate, American Gilsonite Company, plans to complete in 1957 a unique plant near Grand Junction, Colorado, to convert Gilsonite to coke and high octane gasoline. Gilsonite is a solid hydrocarbon that is mined like coal and in the past has been used in the manufacture of heavy fuel oils, pipe line insulation, battery cases and printing inks.





Bakersfield refinery, night.



Phenol and acetone plant, Richmond.



Vancouver refinery, Canada.

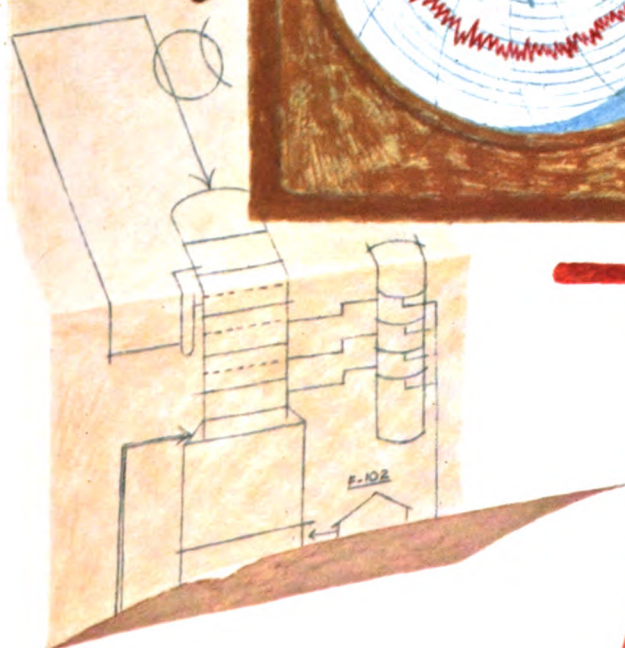
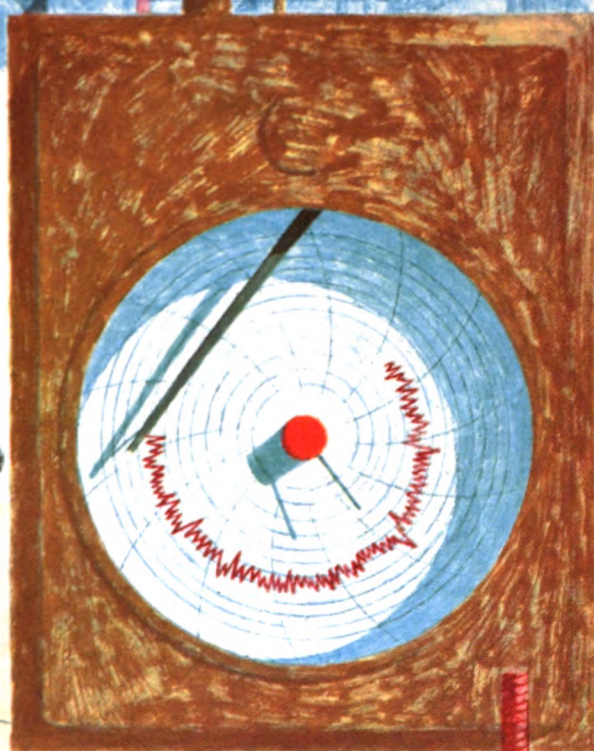


Residuum stripper, El Segundo.



MANUFACTURING

A recording instrument that gives a 24-hour record of a refinery installation is at center. Left, two kinds of catalyst beads and a blueprint of a refinery process. At the bottom is a heavy valve.



MARKETING

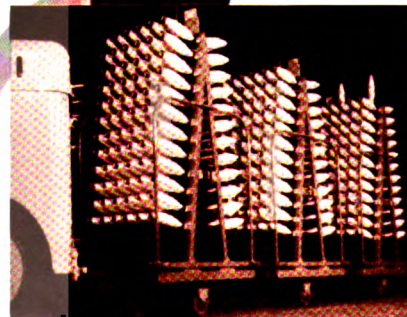
The gasoline nozzle dominates the marketing picture, accompanied by the grease gun, a can of lubricating oil and a tire, the latter representing accessories. Bottom left are three pumps, with the colors of the Company's three kinds of service stations and brands of gasoline.



Oil products for industry.



Detergents in the home.



Synthetic fibers from oil.



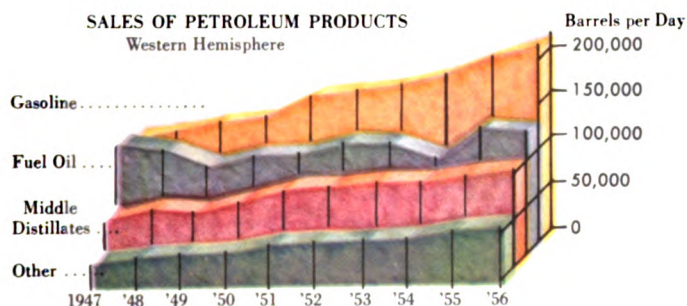
Bunker fuel for ships.

The geographical locations of the various operating companies marketing petroleum products are:

The California Oil Company in 12 states on the East Coast from Maine to Virginia and the District of Columbia; Standard Oil Company of Texas in West Texas and New Mexico; The California Company in five Rocky Mountain and Central States; Standard Oil Company of British Columbia Limited in Western Canada; and Standard Oil Company of California, Western Operations, Inc. in the seven Western States, Alaska and Hawaii.

These companies sell not only to service stations but also to commercial, industrial and agricultural concerns, and to municipal, state and national governments.

Competition for sales in the oil industry reached a new peak during 1956, and was particularly reflected in the area of motor gasoline. New and more powerful automobiles required improved fuels to meet performance needs. To satisfy this demand, still further quality changes were made in the Company's "Supreme" gasoline and sales and promotional efforts were intensified.



A new style featherweight plastic credit card was distributed to credit card customers late in the year, after extensive field testing.

Changing requirements for service stations were met by a continuation of the Company's broad construction program. Particular attention was paid to new units to serve the ever growing systems of express highways.

Approximately 13,500 service stations in the United States and Western Canada now market gasoline and other automotive products for the Company. Gasolines are marketed generally under the brand name "Chevron," except on the East Coast, where the name is "Calso."

The Company maintained its position in the market during 1956. Demand continued at a high rate and showed several significant developments. Western sales of jet fuel to military services increased in 1956 over the previous year and sales of aviation gasoline expanded at a fast rate along with greater airline traffic. The Company became a prime supplier of rocket engine fuels to several leading companies in the missiles operation industry. Demand for heavy residual fuel continued high; contract commitments were met in spite of a close margin between supply and demand.

American Bitumuls & Asphalt Company is one of the largest asphalt marketers in the world. Expansion of its business is expected to continue, in keeping with the needs of the nation's highway construction program. Its products are manufactured and marketed through 25 plants and terminals in the United States. It has five asphalt refineries of its own and also obtains asphalt products from several of the Company's general refineries.



Service at the pump.



Aviation high-octane gas.



Diesel fuel for locomotives.



Fuel for tractors.



Asphalt for highways.

RESEARCH

The Company places a primary emphasis on research, and during 1956 expenditures for research and technical services centered in California Research Corporation were increased by more than \$2,250,000 to a total of approximately \$15,000,000. The basic purposes were to provide product improvement, to search for new and diversified petrochemical products, to improve oil finding and oil producing techniques, to assist in refining operations and to provide services with regard to trademarks and patent licensing.

However, research activities were not confined to areas from which prompt returns could be foreseen but a substantial effort was devoted to long range research as well. California Research also was active in the field of atomic energy. It worked with governmental agencies to solve many specific problems of a military nature. It assisted in the broad advances which add to the nation's scientific knowledge, such as work with technical societies and the universities.

Teams of researchers worked during the year in a new engine laboratory designed to develop new fuels. From their efforts came "Skypower" gasolines and a new Diesel fuel. They expanded the uses of chemicals the Company now manufactures and worked toward employment of others. They produced new and better catalysts for refining gasolines. They developed an electronic system for evaluating seismographic records and a new radioactive well logging method to help find more oil. They engaged in a project to determine the extent to which recovery could be increased by

setting fire to some of the oil underground, and thereby forcing more oil to the well. New fluids for stimulating oil recovery were developed. Studies on the effects of atomic radiation on fuels and lubricants resulted in knowledge which can be applied to the manufacture of special petroleum products for atomic energy plants. Several recently developed lubricants are already available for commercial use. New radiotracer methods were applied to improvement of refining and pipeline operations. Other researchers worked on petroleum industry applications of electronic computers, the "electronic brains" that promise so much for the future. More efficient refinery utilization of crudes and gasoline components will result from this work.

Offshore drilling operations increased in importance as new sources for oil. New techniques were studied for exploring, drilling and producing offshore wells.

Technical services provided assistance in specific marketing, manufacturing and producing problems encountered by the operating companies in their daily business.

Perhaps most significant was the fact that of all the Company's employees at the end of 1956, one in 30 was engaged directly in the fields of research and technical services.

CHEMICAL PRODUCTS

Operating in the field of chemical sales, both in the United States and in foreign countries, are Oronite Chemical Company and California Spray-Chemical Corporation.

Sales of these companies increased 15 per cent in 1956 over the previous year.



Testing wheel bearing grease.



Distillation experiment.



Testing paint products.



Preparing samples for electron microscope.

Oronite is the world's largest supplier of the petrochemical used by soap companies to make synthetic detergents for household and industrial uses. It also is a leading supplier of a chemical intermediate that goes into the manufacture of popular synthetic fibers for clothing and a variety of other uses. It makes and sells a line of chemical additives for automotive and Diesel engine lubricating oils. Other Oronite chemicals are employed by a broad field of industries including synthetic rubber, petroleum refining, plastics, paints and plywood glues.

During the year Oronite added to its line a new industrial chemical, Isophthalic, which is finding application in the manufacture of improved paints, automotive enamels, indus-

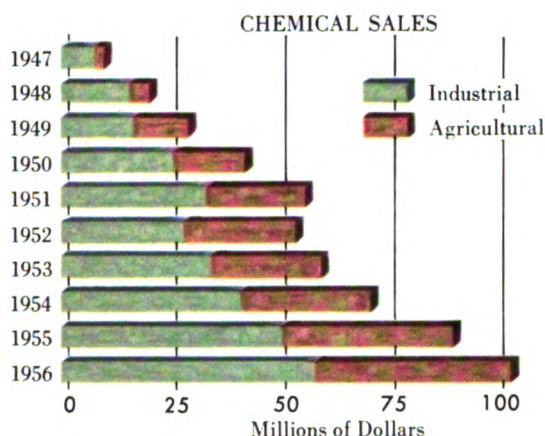
trial finishes and plastics. Twenty-eight different chemicals are now marketed by this organization in 55 foreign countries.

Calspray markets a wide variety of insecticides and garden and farm pest control products under the trade name of ORTHO.

New facilities were completed during 1956 for the manufacture of a broad line of chemical fertilizers and Calspray is marketing these products to the farmers in the seven Western States. Growers of almost all major crops must use fertilizer to produce the quality and quantity of crops necessary for profitable farming.

In connection with this activity, leading agronomists have been employed to study Western soil conditions and to set up a program for the information of the farmer in the economic use of plant foods for maximum benefit to his land and better crop yields.

Calspray has affiliates in Germany, France and Mexico and a subsidiary in Canada. The French company will market in various areas in the Eastern Hemisphere.



RESEARCH AND CHEMICAL PRODUCTS

The scientist, at right, is accompanied by the tools of his trade, as well as a stylized molecule of Isophthalic, a petrochemical of great versatility and usefulness.



Laboratory oil field model.



Evaluating seismic records.



Salt Lake products line.



Tanker approaches Long Wharf.



Products truck loads at Richmond.



Radioactive pipe line tracer.



Loading tank cars.

TRANSPORTATION

Economical transportation is a necessity, and pipe lines and tankers, where they can be employed, are the cheapest means of moving crude oil and products in bulk. The Company operates 3,364 miles of crude oil and products trunk pipe lines in the United States. Early in 1957, announcement was made of participation with five other oil companies in the construction of a crude oil line running 600 miles from the Four Corners area, where the boundaries of Utah, Colorado, Arizona and New Mexico meet, to carry initially 60,000 barrels daily to Los Angeles. Capacity of the products line running from Salt Lake City to Spokane was increased between Salt Lake City and Boise. Work was under way to expand further the capacity of the crude line running from Wink to El Paso in Texas.

The Company and its wholly owned subsidiaries owned and operated 27 seagoing tankers at the end of 1956, including a new large vessel placed in service during the year. Other large vessels were operated under charter.

PERSONNEL

The Company and its subsidiaries employed 38,854 men and women at the end of 1956.

Specialized knowledge and ability are of ever-increasing importance to modern business. For this reason many training programs are provided and financial assistance is given to those who wish to take outside courses applicable to their work.

The Company is also more dependent on the skills of technical and professional specialists. For this reason an intensified recruiting pro-

gram was developed to assure an adequate supply of trained manpower for the future.

The new employee can look forward to good pay, excellent benefits, safe working conditions and a comprehensive industrial health program.

More than 97 per cent of eligible employees participated in the Stock Plan. The 14,407 members are now depositing savings in the Plan at the annual rate of \$3,600,000. These funds, together with payments by the Company and cash dividends, are invested in Company stock purchased on the open market. At the end of the year, 1,123,000 shares were held in trust.

Employees are kept informed of Company activities through the Standard Oiler, Bulletin, Management News Letter, news releases and individual operating company and department publications and several other employee news sources.

Periodically the Company checks with employees by use of an Employee Opinion Poll, the results of which are used as a guide in revising or developing new policies and practices. By this and other means a systematic effort is made to search out the needs and desires of the individual and provide increased efficiency and personal satisfaction by supplying adequate and up-to-date facilities, equipment and supplies.

To aid education, the Company engages in an extensive program of fellowships and scholarships in the United States. A major purpose is to assist in providing more students with opportunities for obtaining scientific and technical training.



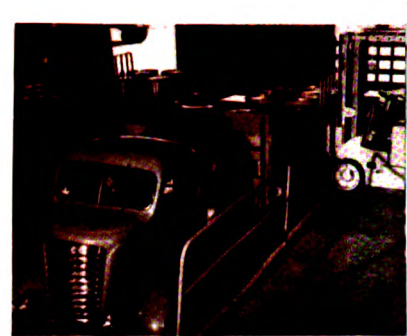
Barge, Sacramento river.



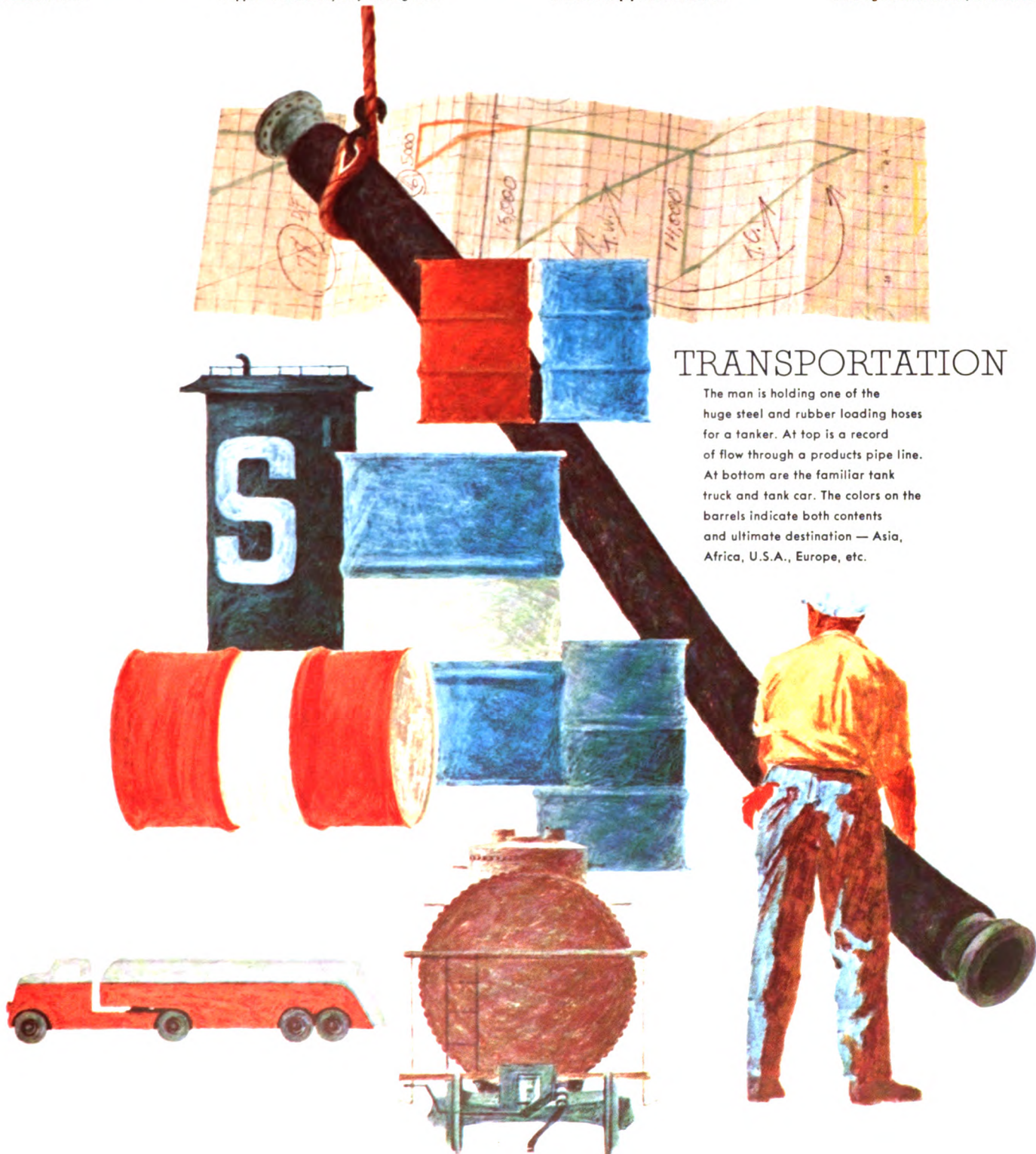
"Clipper" truck at refinery loading rack.



Underwater pipe line to tanker.



Loading overseas drums, Richmond.



TRANSPORTATION

The man is holding one of the huge steel and rubber loading hoses for a tanker. At top is a record of flow through a products pipe line. At bottom are the familiar tank truck and tank car. The colors on the barrels indicate both contents and ultimate destination — Asia, Africa, U.S.A., Europe, etc.



Caltex tanker at Bahrain.



Bahrain refinery, Bahrain Island.



Jungle rig, Indonesia.



Caltex station, Holland.

EASTERN HEMISPHERE

Workers in other lands
for Company affiliates include
Australian geologist, far left,
French construction worker,
Sumatran driller,
British refinery worker, and,
in the foreground, a Saudi Arab.





Sumatra driller checks cuttings.



Exploration crew, Paris basin.



Producing well, Sumatra.



Kurnell refinery, Australia.

ARABIAN AMERICAN OIL COMPANY

Crude oil produced in Saudi Arabia averaged 986,100 barrels daily in 1956, as compared with 965,000 barrels daily in 1955. The Ras Tanura refinery processed 198,500 barrels daily in 1956, as against 203,200 in 1955. The Middle East crisis had an adverse effect on Aramco's operations during the last two months of the year.

A major oil discovery was made 80 miles northwest of Dhahran. Construction of facilities was under way for bringing the Persian Gulf's first offshore field into production in the spring of 1957. Conservation activities were continuing with plans for injection of increased quantities of high pressure gas into the reservoirs. Aramco expects to continue its wildcatting activities during the coming year and to maintain orderly development of known oil reservoirs.

Aramco is placing increased emphasis on the training and development of Saudi Arabs to improve their work performance and to qualify them for higher level positions within the organization. Aramco's industrial development program is promoting additional local enterprise to handle increasing shares of Aramco's requirements for services to support its oil operations.

Relationships with employees and with the Saudi Arabian Government continued to be encouraging.

The Company holds a 30 per cent interest in Arabian American Oil Company.

TRANS-ARABIAN PIPE LINE COMPANY

Tapline's importance in the transportation of oil increased appreciably during the shut-down of the Suez Canal, when it became the only source of Middle East oil moving overland to the Mediterranean. In 1956 the line carried 328,200 barrels of crude daily from Saudi Arabia to Sidon, Lebanon, compared with 322,100 in 1955. An emergency program was under way at the end of 1956 to increase Tapline's carrying capacity to 350,000 barrels daily by mid-1957. Tapline is 30 per cent owned by the Company.

CALTEX

The Company has a 50 per cent interest in the Caltex Group of companies which operate in more than 70 Eastern Hemisphere countries outside the Iron Curtain. These companies have approximately 35,500 employees, most of them nationals of foreign countries. The Middle East crisis and resulting dislocations during the latter part of 1956 severely affected operations of these companies, but, by extensive rearrangement of normal supply and distribution, they were able to continue as vital suppliers of petroleum requirements in the Eastern Hemisphere. Sales of crude and products during 1956 were 600,400 barrels daily, against 537,600 barrels in 1955.

Refineries wholly or partially owned by Caltex processed a total of 425,800 barrels daily in 1956, against 385,400 barrels daily in 1955. At the end of the year Caltex owned



Refinery at Trecate, Italy.



Bec d'Ambes refinery, France.



Alpine service station, Chiusa, Italy.



Geologist, Saudi Arabia.

or had an interest in 14 refineries in nine countries: Australia, The Philippines, Japan, Italy, Spain, France, The Netherlands, Lebanon and Bahrain Island. A refinery on the East Coast of India was being completed. Work continued throughout the year on a long range program to improve product quality and increase capacity of existing refineries, and negotiations were carried on in a number of countries looking toward the acquisition of interests in and construction of additional refineries.

Caltex companies and affiliates carried on extensive exploration activities in many widely separated areas of the Eastern Hemisphere, not only on their own behalf, but as operators of certain joint ventures of Standard Oil Company of California. During 1956 Caltex was especially active in seeking new sources of crude supply in Australia, France, Libya, The Philippines and Turkey.

During 1956 The Bahrain Petroleum Company Limited produced an average of 30,100 barrels of crude daily on Bahrain Island, while the Caltex company operating in Sumatra produced 88,600 barrels daily, against

61,300 barrels in 1955. Efforts to increase Caltex crude reserves and production were continued during the year in these two areas and in New Guinea, where a Caltex affiliate is active.

There were three additions to the Caltex fleet of tankers during 1956 and at the end of the year the group owned 62 tankers flying the flags of four nations: Great Britain, France, The Netherlands and Panama. In addition, at the end of the year Caltex had 12 vessels under construction and Caltex companies were operating 63 vessels under charter.

IRANCAL

Oil production in Iran increased steadily during the second full year of operations of the Consortium of American, British, French and Dutch companies. The Company has a 7 per cent interest in this operation, through its wholly owned subsidiary, Iran California Oil Company. Irancal's share of Iranian production for 1956 was 37,200 barrels daily, of which 14,500 barrels daily were run at the Abadan refinery, as compared with 21,400 and 9,100 barrels daily, respectively, in 1955.

SOURCES AND DISPOSITION OF FUNDS — YEAR 1956

Sources

Net Income	\$267,891,000
Depreciation, Depletion and Amortization	145,557,000
Exploratory Expenditures Charged to Income	82,142,000
Other	11,357,000
Total	<u>\$506,947,000</u>

Disposition

Capital and Exploratory Expenditures	\$361,100,000
Cash Dividends to Stockholders	104,320,000
Other	41,527,000
Total	<u>\$506,947,000</u>

STANDARD OIL COMPANY OF CALIFORNIA

CONSOLIDATED STATEMENT OF INCOME

	1956	1955
<i>Gross Income:</i>		
Sales and other operating revenues	\$1,452,520,631	\$1,277,840,419
Dividends from affiliated and other companies	107,080,164	96,175,324
Other income	7,747,235	2,541,877
	<u>1,567,348,030</u>	<u>1,376,557,620</u>
<i>Expenses:</i>		
Operating expenses, including exploration	558,657,691	483,577,206
Purchased crude oil, petroleum products and other merchandise	474,474,610	414,235,149
Depreciation, depletion and amortization	145,556,662	138,395,335
Federal and other taxes based on income (estimated)	66,300,000	59,100,000
Other taxes	52,805,079	48,484,968
Interest on long term debt	1,663,187	1,626,307
	<u>1,299,457,229</u>	<u>1,145,418,965</u>
<i>Net Income</i>	<u><u>\$ 267,890,801</u></u>	<u><u>\$ 231,138,655</u></u>

CONSOLIDATED STATEMENT OF EARNED SURPLUS

	1956	1955
<i>Balance at Beginning of Year</i>	\$730,399,990	\$710,009,248
<i>Net Income for Year</i>	267,890,801	231,138,655
<i>Dividends:</i>		
Cash	(104,320,237)	(90,320,553)
5% in capital stock of the Company	—	(120,427,360)
<i>Balance at End of Year</i>	<u><u>\$893,970,554</u></u>	<u><u>\$730,399,990</u></u>

CONSOLIDATED BALANCE SHEET

ASSETS

	December 31	December 31
	1956	1955
Current Assets:		
Cash	\$ 113,285,599	\$ 109,632,517
U. S. Government securities, at cost which approximates market	24,221,385	32,338,714
Accounts and notes receivable (less reserves of \$2,350,000 in 1956 and \$2,300,000 in 1955)	224,473,811	196,118,313
Inventories:		
Crude oil and products, at cost (on last-in, first-out basis), which is below market	120,876,176	115,542,102
Other merchandise, at cost	21,388,888	17,317,331
Materials and supplies, at or below cost	57,879,885	41,538,965
	<u>562,125,744</u>	<u>512,487,942</u>
 Long Term Receivables		
(less reserves of \$270,000 in 1956 and \$300,000 in 1955)	15,548,504	13,382,553
 Investments in Companies Not Wholly Owned (At or Below Cost):		
Operating in foreign countries	33,432,730	26,991,008
Operating in the United States	10,257,541	7,351,982
 Properties, Plant and Equipment:		
	Depreciation, Depletion and Amortization Reserves	Net Book Value
<u>Classification</u>	<u>Gross Book Value</u>	<u>Net Book Value</u>
Producing	\$1,587,526,939	\$ 738,949,421
Pipe Line	96,076,989	46,254,091
Manufacturing	509,622,512	250,709,992
Marine	92,979,840	36,625,609
Marketing	217,879,122	78,023,177
Motor Transport	22,790,988	12,939,923
Other	42,557,288	11,861,661
Total	<u>\$2,569,433,678</u>	<u>\$1,175,363,874</u>
	<u>\$1,394,069,804</u>	<u>1,394,069,804</u>
 Prepaid and Deferred Charges	 25,938,760	 25,077,197
 TOTAL ASSETS	 <u><u>\$2,041,373,083</u></u>	 <u><u>\$1,855,610,313</u></u>

STANDARD OIL COMPANY OF CALIFORNIA

LIABILITIES

	December 31	December 31
	1956	1955
Current Liabilities:		
Accounts payable	\$ 156,600,644	\$ 141,262,487
Long term debt due within one year	1,449,540	1,424,680
Accrued interest on long term debt	502,565	504,105
Federal and other taxes based on income (estimated)	63,001,678	57,915,216
Other accrued taxes payable	31,986,878	28,153,454
	<u>253,541,305</u>	<u>229,259,942</u>
Long Term Debt:		
Standard Oil Company of California:		
1.85% loans from banks due August 1, 1958	50,000,000	50,000,000
Purchase obligation due annually to 1961	2,334,425	2,912,217
Subsidiary Company:		
Salt Lake Pipe Line Company 2% to 3 $\frac{3}{8}$ % notes due in varying amounts to 1975	24,387,500	25,650,000
	<u>76,721,925</u>	<u>78,562,217</u>
Reserve — General Insurance	<u>20,318,068</u>	<u>20,566,933</u>
Total Liabilities	<u>350,581,298</u>	<u>328,389,092</u>

STOCKHOLDERS' EQUITY

Capital Stock	395,152,412	395,152,412
	1956 (\$6.25 par value)	1955 (No par value)
Shares authorized	80,000,000	40,000,000
Shares issued	63,224,386	31,612,193
Capital Surplus	401,668,819	401,668,819
Earned Surplus	893,970,554	730,399,990
Total Stockholders' Equity	<u>1,690,791,785</u>	<u>1,527,221,221</u>
TOTAL LIABILITIES AND EQUITY	<u>\$2,041,373,083</u>	<u>\$1,855,610,313</u>

NOTES TO FINANCIAL STATEMENTS

Principles of Consolidation

The accounts of all wholly owned subsidiary companies are included in the consolidated financial statements. Items recorded in foreign currencies are expressed in United States dollars as follows: Current and working assets and liabilities at rates of exchange in effect at the close of the year, investments and fixed assets at rates in effect when acquired, and income, costs and expenses at average rates of exchange during the year, except depreciation, depletion and amortization which are calculated on the United States dollar cost of properties. Unrealized profits or losses from conversion of items as described above are included in the consolidated statement of income.

The Company's interest in crude oil produced by Arabian American Oil Company is purchased by the Company, and a substantial portion thereof resold to the Caltex Group of companies. Such sales to the Caltex Group are applied as a credit against purchases in the consolidated statement of income.

Companies Not Wholly Owned

The Company's equity in undistributed net income of unconsolidated companies over 50% owned has increased \$2,229,041 since acquisition; dividends from them during the year exceeded the Company's equity in their 1956 net income by \$578,081. The investment in such companies at December 31, 1956 was carried at \$5,111,745.

The Company's equity in the estimated 1956 net income of companies owned 50% or less operating in the Eastern Hemisphere exceeded dividends from them during the year by \$10,011,029.

Properties, Plant and Equipment

Properties, plant and equipment are carried at cost, less reserves. Exploration expenditures resulting in the acquisition or retention of properties are

capitalized, while the remainder is charged to expense. Costs of leaseholds which may ultimately prove unproductive are amortized at rates which are based upon past experience. Costs of wells capable of producing are capitalized, and costs of unproductive wells are charged to expense.

Taxes

The liability for Federal and other taxes on 1956 and prior years' income, which may result from the final interpretation of tax laws and regulations, is not presently determinable, but the amount included under current liabilities in the balance sheet at December 31, 1956, together with funds on deposit with the District Director of Internal Revenue, should be sufficient to meet such liability.

No provision has been made for foreign and domestic taxes which may be payable on future distributions from surplus of wholly owned subsidiaries and of companies not wholly owned.

Capital Stock

On May 3, 1956 stockholders approved an amendment to the Certificate of Incorporation increasing and changing the authorized capital stock from 40,000,000 shares without par value to 80,000,000 shares of the par value of \$6.25 per share, and changing each share then outstanding into two new shares. The amendment had the effect of changing the aggregate number of shares outstanding from 31,612,193 to 63,224,386.

Retirement and Stock Plans

At December 31, 1956 the balance of the companies' contributions and related investment income, under various retirement plans, held by trust companies in the form of cash and investments (at cost)

amounted to \$132,745,109. Contractual liabilities of the companies at that date were estimated to be approximately \$105,000,000.

During the year a total of \$9,498,946 was charged against income in connection with retirement plans. This amount represented the estimated accrual, including interest, for services during the year of active employees under the plans.

Contractual liabilities of the companies at December 31, 1956 do not include potential liabilities as to employees who had not attained the years of credited service required for vested rights to annuities, since their benefits under the plans may be modified or terminated under certain conditions. (Such potential liabilities are estimated at \$39,000,000 based on actuarial assumptions as to mortality, turnover, interest, etc.)

The charge against income in 1956 in connection with the stock plan for employees amounted to \$6,638,536.

Contingent Liabilities and Commitments

At December 31, 1956 the Company had contingent liabilities of \$30,581,000 as guarantor of notes of affiliated companies operating in foreign countries. The Company and its subsidiaries have certain other contingent liabilities (in addition to those referred to in the accompanying notes relating to "Taxes" and "Retirement and Stock Plans") in respect of litigation, claims, renegotiation, commitments and as guarantor of notes and contracts. Officials of the Company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of the Company and its subsidiaries.

At December 31, 1956 the Company and its subsidiaries had long term charters and leases covering tankers, service stations and office space. The charter hire and net rentals under such agreements are estimated to average approximately \$20,000,000 annually during the next three years.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

*To the Board of Directors of
Standard Oil Company of California:*

In our opinion, the accompanying consolidated balance sheet and the related statements of income and earned surplus, together with the notes thereto, present fairly the position of Standard Oil Company of California and wholly owned subsidiary companies at December 31, 1956 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such financial statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

San Francisco, March 14, 1957

TEN YEARS OF FINANCIAL AND OPERATING

		1956	1955	1954
Financial	Net Income	\$ 267,890,801	\$ 231,138,655	\$ 211,872,447
	Per Share (On 63,224,386 shares at Dec. 31, 1956) . . .	\$ 4.24	\$ 3.66	\$ 3.35
	Dividends	\$ 104,320,237	\$ 90,320,553	\$ 87,064,496
	Stock (In year declared) and Stock Splits	2 for 1 split	5%	5%
	Cash Per Share — (On shares outstanding during the year) .	\$ 1.65	\$ 3.00	\$ 3.00
	— (On 63,224,386 shares at Dec. 31, 1956) .	\$ 1.65	\$ 1.43	\$ 1.38
	Sales and Other Operating Revenues	\$1,452,520,631	\$1,277,840,419	\$1,113,342,595
	Total Assets	\$2,041,373,083	\$1,855,610,313	\$1,677,848,857
	Liabilities	\$ 350,581,298	\$ 328,389,092	\$ 291,445,738
	Stockholders' Equity — at Book Value	\$1,690,791,785	\$1,527,221,221	\$1,386,403,119
	Per Share (On 63,224,386 shares at Dec. 31, 1956) . . .	\$ 26.74	\$ 24.16	\$ 21.93
	Number of Stockholders	137,381	119,793	114,607
	Working Capital (Net Current Assets)	\$ 308,584,439	\$ 283,228,000	\$ 282,223,635
	Properties, Plant and Equipment (Net)	\$1,394,069,804	\$1,270,319,631	\$1,137,855,779
	Additions to Properties, Plant and Equipment	\$ 272,065,293	\$ 275,963,216	\$ 224,460,496
	Depreciation, Depletion and Amortization	\$ 145,556,662	\$ 138,395,335	\$ 118,767,648
	Eastern Hemisphere Interests*			
	Dividends Received and Other Net Income (before taxes) .	\$ 117,416,666	\$ 101,501,743	\$ 108,413,486
	Company's Equity in Undistributed Net Income for Year .	\$ 10,140,432	\$ 20,776,554	\$ 9,461,721
	Excess of Company's Equity in Net Assets at Book Value Over Investment on Company's Books	\$ 415,900,524	\$ 405,760,092	\$ 384,983,538
Operating	Gross Production of Crude Oil (Barrels)	144,931,628	126,471,357	115,465,657
	Gross Production of Natural Gas Liquids (Barrels) . . .	7,081,221	7,062,197	7,292,424
	Total Gross Production	152,012,849	133,533,554	122,758,081
	Net Production of Crude Oil (Barrels)	127,241,571	111,197,738	101,502,370
	Net Production of Natural Gas Liquids (Barrels)	6,573,982	6,520,837	6,719,416
	Total Net Production	133,815,553	117,718,575	108,221,786
	Purchases of Crude Oil, Excluding Royalty (Barrels) . .	125,083,937	114,716,910	97,815,756
	Refinery Runs of Crude Oil (Barrels)	184,525,059	168,698,278	157,069,992
	Sales of Petroleum Products (Barrels)	187,352,878	179,803,877	158,339,751
	Sales of Crude Oil (Barrels)	87,305,062	69,817,473	54,029,307
	Sales of Natural Gas (1,000 Cu. Ft.)	108,353,789	113,251,785	98,857,643
	Inventories of Crude Oil and Products (Barrels)	48,998,514	48,979,544	53,583,323
	Number of Wells Drilled† — Oil	759	679	530
	Gas	52	26	17
	Dry	162	117	125
	Total	973	822	672
	Producing Oil and Gas Wells‡	9,336	8,634	8,288
	Acreeage of Oil and Gas Properties (Net) — United States .	10,986,001	10,707,222	7,034,076
	Acreeage of Oil and Gas Properties (Net) — Foreign . . .	35,115,494	31,095,708	27,261,359
	Number of Employees	38,854	36,369	35,354
WESTERN HEMISPHERE	Gross Production of Crude Oil (Barrels)	143,895,996	130,483,546	118,834,333
	Refinery Runs of Crude Oil (Barrels)	91,132,317	84,067,768	80,893,505
	Sales of Petroleum Products (Barrels)	88,995,882	79,243,632	74,309,271
EASTERN HEMISPHERE★	Gross Production of Crude Oil and Natural Gas Liquids (Barrels)	295,908,845	264,017,100	241,592,414
	Refinery Runs of Crude Oil (Barrels)	275,657,376	252,766,046	237,963,497
	Sales of Petroleum Products (Barrels)	276,348,760	259,047,509	232,649,022
TOTAL WORLD-WIDE				

† Wholly owned foreign subsidiaries not consolidated.

‡ On basis of Company's net interest in all wells in which it has an equity.

§ \$1.50 on 31,612,193 shares before 2 for 1 stock split and \$.90 on 63,224,386 shares after split.

STATISTICS

STANDARD OIL COMPANY OF CALIFORNIA
AND WHOLLY OWNED SUBSIDIARIES

1953	1952	1951	1950	1949	1948	1947
\$ 189,453,450	\$ 174,030,499	\$ 173,341,211	\$ 150,804,105	\$ 136,017,835	\$ 161,491,932	\$107,268,575
\$ 3.00	\$ 2.75	\$ 2.74	\$ 2.39	\$ 2.15	\$ 2.55	\$ 1.70
\$ 86,019,576	\$ 86,019,576	\$ 74,532,059	\$ 71,620,489	\$ 54,579,661	\$ 52,015,812	\$ 41,612,650
		2 for 1 split		5%	5%	
\$ 3.00	\$ 3.00	\$ 2.60	\$ 5.00	\$ 4.00	\$ 4.00	\$ 3.20
\$ 1.36	\$ 1.36	\$ 1.18	\$ 1.13	\$.86	\$.82	\$.66
\$1,080,425,144	\$1,015,309,183	\$ 975,378,009	\$ 815,619,774	\$ 742,551,413	\$ 744,826,950	\$537,051,570
\$1,535,184,526	\$1,407,198,494	\$1,365,574,023	\$1,232,953,325	\$1,157,703,362	\$1,108,329,832	\$876,185,264†
\$ 273,589,358	\$ 249,037,200	\$ 295,423,652	\$ 261,612,106	\$ 265,545,759	\$ 297,610,403	\$166,639,126†
\$1,261,595,168	\$1,158,161,294	\$1,070,150,371	\$ 971,341,219	\$ 892,157,603	\$ 810,719,429	\$709,546,138
\$ 19.95	\$ 18.32	\$ 16.93	\$ 15.36	\$ 14.11	\$ 12.82	\$ 11.22
112,269	109,749	104,857	98,605	94,691	91,247	90,850
\$ 273,239,698	\$ 235,136,136	\$ 227,860,822	\$ 189,925,412	\$ 237,121,201	\$ 209,078,283	\$103,273,784†
\$1,037,659,406	\$ 977,159,390	\$ 903,492,635	\$ 852,475,966	\$ 772,735,397	\$ 737,583,518	\$637,988,557
\$ 173,822,128	\$ 173,134,625	\$ 143,450,870	\$ 160,800,692	\$ 123,535,228	\$ 163,544,554	\$141,610,339
\$ 108,114,984	\$ 98,943,726	\$ 86,764,464	\$ 75,266,439	\$ 75,706,705	\$ 66,103,378	\$ 48,968,790
\$ 60,827,369	\$ 63,107,259	\$ 58,968,783	\$ 47,884,120	\$ 28,500,055	\$ 28,372,655	\$ 13,617,365
\$ 48,629,242	\$ 48,797,435	\$ 43,508,636	\$ 15,638,340	\$ 36,707,388	\$ 43,821,937	\$ 26,973,458
\$ 375,521,817	\$ 326,892,575	\$ 278,095,140	\$ 231,374,231	\$ 203,561,153	\$ 166,917,609	\$123,030,996
115,307,843	114,939,389	111,426,595	105,544,906	102,281,654	105,744,494	96,487,141
8,018,482	8,487,923	8,332,537	7,835,752	7,654,297	6,537,084	4,810,494
123,326,325	123,427,312	119,759,132	113,380,658	109,935,951	112,281,578	101,297,635
102,184,179	102,324,013	99,828,523	94,328,612	92,725,769	98,984,688	89,711,905
7,380,046	7,766,424	7,622,818	7,134,647	6,977,229	6,315,896	4,516,053
109,564,225	110,090,437	107,451,341	101,463,259	99,702,998	105,300,584	94,227,958
106,667,583	100,426,017	92,051,859	71,071,051	59,485,111	61,392,572	53,173,289
163,010,634	149,394,855	138,515,189	110,457,378	111,554,922	114,357,782	100,419,302
157,947,519	155,389,175	147,941,128	132,015,903	120,223,445	125,158,407	115,264,553
59,797,532	65,276,576	62,454,867	56,424,028	44,698,001	40,762,966	34,814,322
83,858,856	81,490,535	87,403,369	113,834,252	117,118,776	113,137,874	92,632,760
48,169,154	37,343,103	33,166,131	31,790,618	33,554,437	31,847,195	25,107,386
438	504	448	412	370	633	433
18	12	12	9	13	19	20
113	173	103	67	70	79	76
569	689	563	488	453	731	529
7,955	7,190	6,907	6,498	5,679	6,048	5,506
8,192,396	9,161,782	7,670,213	4,032,434	3,786,653	4,038,228	4,091,019
24,667,336	21,958,105	12,002,935	6,456,752	6,624,713	5,841,766	8,085,640
34,940	34,753	32,339	30,671	29,846	31,983	31,252
105,862,197	98,969,058	89,061,491	65,546,693	57,868,380	48,325,189	31,660,849
73,630,554	65,653,850	60,182,070	45,762,083	42,087,263	40,893,417	34,656,917
69,355,890	61,887,419	55,503,182	42,830,039	42,771,070	38,203,335	43,667,891
229,188,522	222,396,370	208,820,623	178,927,351	167,804,331	160,606,767	132,958,484
236,641,188	215,048,705	198,697,259	156,219,461	153,642,185	155,251,199	135,076,219
227,303,409	217,276,594	203,444,310	174,845,942	162,994,515	163,361,742	158,932,444

*Represents wholly owned subsidiaries and affiliates (owned less than 100%) in Eastern Hemisphere.

★Proportion of operations in Eastern Hemisphere represented by the Company's stock interest in affiliates and subsidiaries.

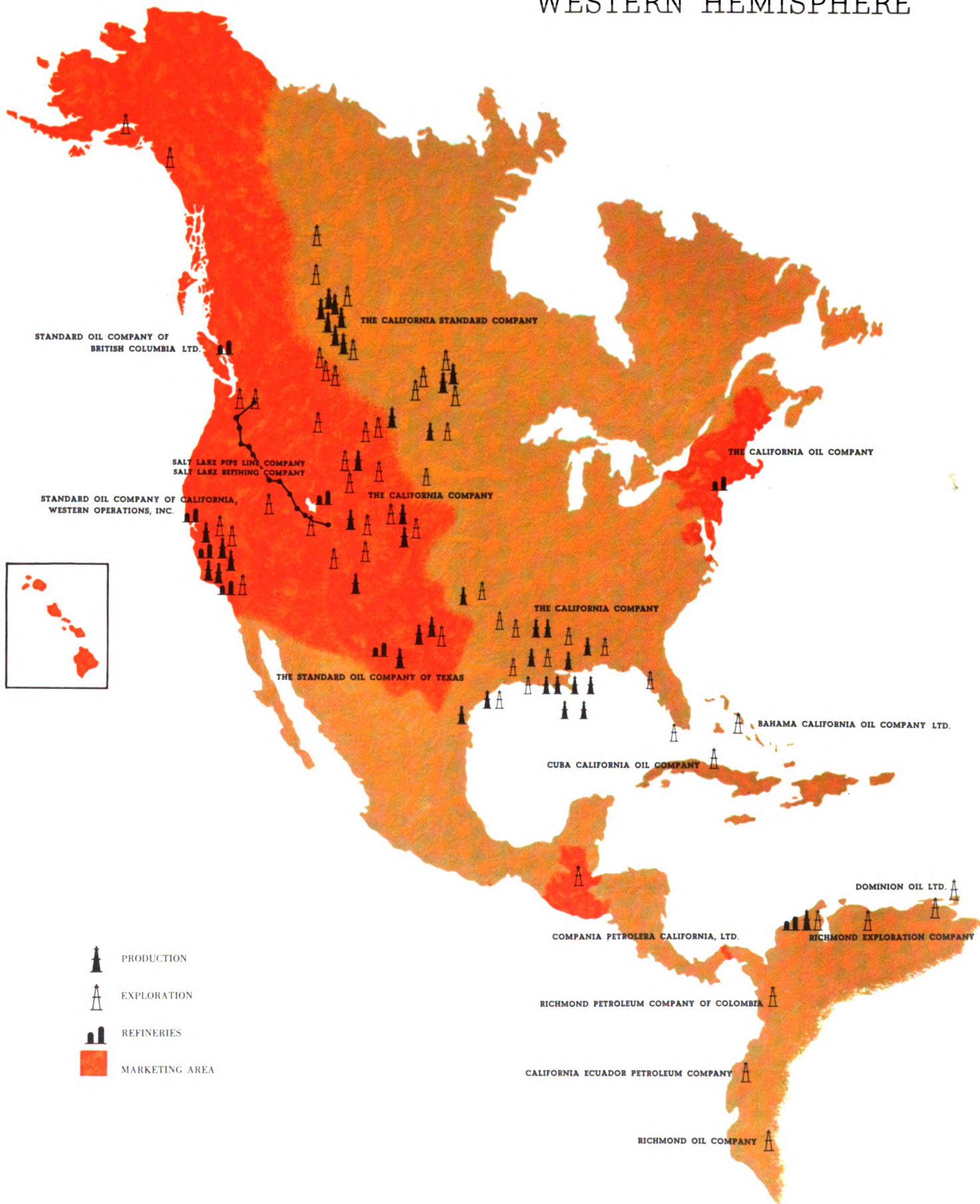
STANDARD OIL COMPANY OF CALIFORNIA AND SUBSIDIARY AND AFFILIATED COMPANIES

FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)

PRINCIPAL AREAS OF OPERATION

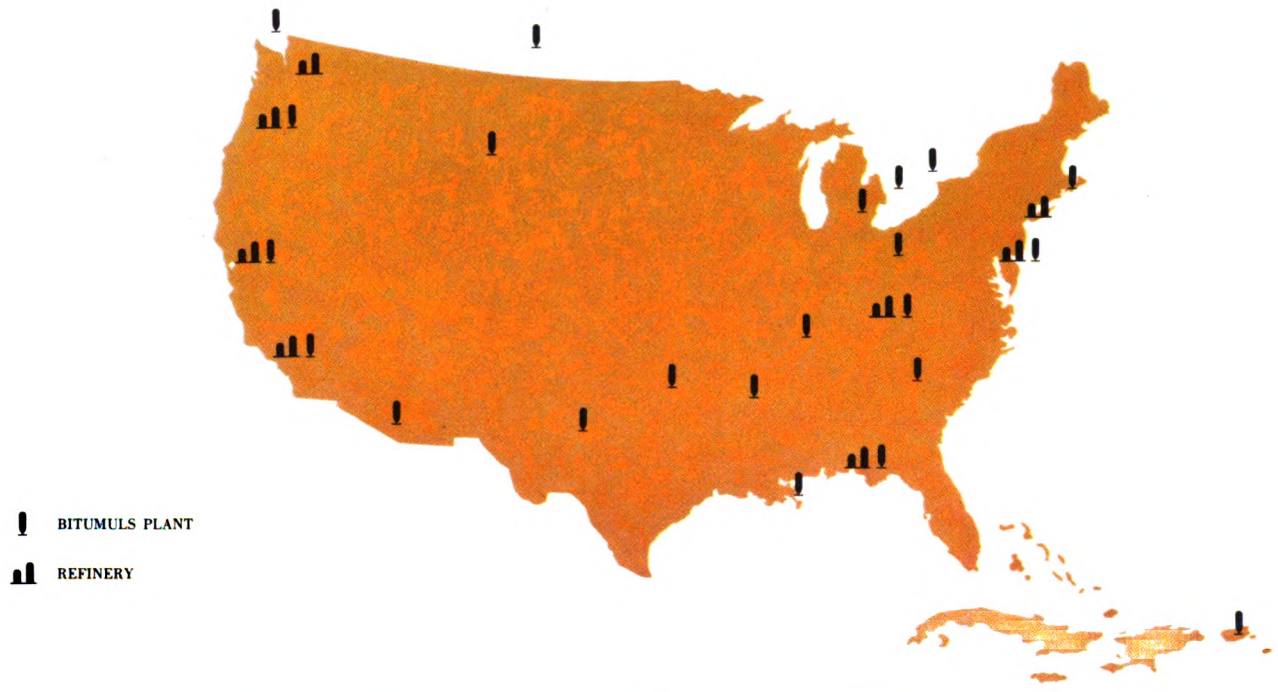
<i>United States</i>	STANDARD OIL COMPANY OF CALIFORNIA	Exploration, Producing Transporting, Refining and Marketing	California, Washington, Oregon, Arizona, Nevada, Idaho, Utah, Hawaii and Alaska
	STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. (100)	Management Company	
	AMERICAN BITUMULS & ASPHALT COMPANY (100)	Refining and Marketing Asphalts and Asphalt Emulsions	United States and Puerto Rico
	CALIFORNIA COMMERCIAL COMPANY, INC. (100)	Service Company	New York and Washington, D.C.
	CALIFORNIA RESEARCH CORPORATION (100)	Research and Development	California
	CALIFORNIA SHIPPING COMPANY (100)	Marine Transportation Management	United States and Foreign
	CALIFORNIA SPRAY-CHEMICAL CORPORATION (100)	Agricultural Chemicals and Fertilizers	United States and Foreign
	CALIFORNIA TANKER COMPANY (100)	Marine Transportation and Marketing	United States and Foreign
	CALIFORNIA TERMINALS COMPANY (100)	Oil Terminal	Portland, Maine
	CHEVRON OIL COMPANY (100)	Geophysical Surveys	United States and Canada
	LOMITA GASOLINE COMPANY (100)	Natural Gasoline	California
	ORONITE CHEMICAL COMPANY (100)	Chemicals	United States and Foreign
	PACIFIC OIL COMPANY (100)	Shale Lands	Colorado
	PASOTEX PETROLEUM COMPANY (100)	Exploration, Producing and Marketing	Oklahoma
	PASOTEX PIPE LINE COMPANY (100)	Oil Transportation	Texas
	SALT LAKE PIPE LINE COMPANY (100)	Oil Transportation	Utah, Colorado, Idaho, New Mexico, Oregon, Texas and Washington
	SALT LAKE REFINING COMPANY (100)	Refining	Utah
	SOUTH CENTRAL PETROLEUM CORPORATION (100)	Producing	Kentucky
	STANDARD GAS COMPANY (100)	Oil and Gas Transportation	California
	STANDARD OIL COMPANY OF TEXAS (100)	Exploration, Producing Refining and Marketing	Texas and New Mexico
	STANDARD PIPE LINE COMPANY (100)	Oil Transportation	California
	STANDARD STATIONS, INC. (100)	Service Station Operation	Seven Western States
	THE CALIFORNIA COMPANY (100)	Exploration, Producing and Marketing	Rocky Mountain, Central, Eastern and Southeastern States
	THE CALIFORNIA OIL COMPANY (100)	Refining and Marketing	Eastern United States
	HUNTINGTON BEACH COMPANY (63.64)	Oil Royalties and Land	California
	AMERICAN GILSONITE COMPANY (50)	Gilsonite	Utah and Colorado
<i>Canada</i>	STANDARD OIL COMPANY OF BRITISH COLUMBIA LIMITED (100)	Refining and Marketing	Western Canada
	THE CALIFORNIA STANDARD COMPANY (100)	Exploration and Producing	Western Canada
<i>Central and South America</i>	ASFALTOS CALIFORNIA S. A. (99.99)	Asphalt Products	Brazil
	CALIFORNIA ECUADOR PETROLEUM COMPANY (100)	Exploration	Ecuador
	CALIFORNIA EXPLORATION COMPANY (100)	Exploration Investigations	Foreign
	COMPAÑIA COMERCIAL CALIFORNIA, S. A. (96)	Service and Marketing	Mexico
	COMPAÑIA GUATEMALA CALIFORNIA DE PETROLEO (100)	Exploration	Guatemala
	COMPAÑIA PETROLERA CALIFORNIA, LTD. (100)	Marketing	Guatemala, El Salvador and Canal Zone
	RICHMOND EXPLORATION COMPANY (100)	Exploration and Producing	Venezuela
	RICHMOND OIL COMPANY (100)	Exploration	Peru
	RICHMOND PETROLEUM COMPANY OF COLOMBIA (100)	Exploration	Colombia
<i>Caribbean Area</i>	BAHAMA CALIFORNIA OIL COMPANY LIMITED (100)	Exploration	Bahama Islands
	CUBA CALIFORNIA OIL COMPANY (100)	Exploration	Cuba
	DOMINION OIL LIMITED (100)	Exploration	Trinidad
<i>Middle East and Far East</i>	ARABIAN AMERICAN OIL COMPANY (30)	Exploration, Producing and Refining	Saudi Arabia
	TRANS-ARABIAN PIPE LINE COMPANY (30)	Oil Transportation	Middle East
	THE BAHRAIN PETROLEUM COMPANY LIMITED (50)	Producing and Refining	Bahrain Island (Persian Gulf)
	N. V. CALTEX PACIFIC PETROLEUM MAATSCHAPPIJ (50)	Exploration and Producing	Indonesia
	CALTEX (IRAN) LIMITED (50)	Marketing	Foreign
	FAR PACIFIC INVESTMENTS, INC. (50)	Investments	Netherlands New Guinea
	IRAN CALIFORNIA OIL COMPANY (100)	Owms Interest in Iranian Oil Operations	Iran
<i>Other Foreign Areas</i>	CALIFORNIA ASIATIC OIL COMPANY (100)	Exploration and Marketing	Foreign
	CALIFORNIA CRUDE SALES COMPANY (100)	Crude Marketing	Foreign
	CALIFORNIA TRANSPORT CORPORATION (100)	Marine Transportation and Marketing	Foreign
	CALIFORNIA SPRAY CHEMICAL COMPAGNIE FRANCAISE S. A. (98.11)	Agricultural Chemicals	Eastern Hemisphere
	INTERNATIONAL BITUMEN EMULSIONS CORPORATION (100)	Asphalt Emulsions	North and South America and Pacific area
	AMERICAN OVERSEAS PETROLEUM LIMITED (50)	Exploration	Eastern Hemisphere
	CALTEX OCEANIC LIMITED (50)	Marketing	Foreign
	CALTEX OIL PRODUCTS COMPANY (50)	Marketing and Investments	Foreign
	CALTEX SERVICES LIMITED (50)	Service Company	England and Western Europe
	MID-EAST CRUDE SALES COMPANY LIMITED (50)	Crude Marketing	Foreign
	OVERSEAS TANKSHIP CORPORATION (50)	Marine Transportation	Foreign Commerce
	CALIFORNIA TEXAS OIL COMPANY, LIMITED (50)	Management of Foreign Affiliates	Eastern Hemisphere
	CALIFORNIA TEXAS CORPORATION (50)	Owms Stocks	Subsidiaries conduct marine transporta- tion, exploration, refining and marketing business serving Eastern Hemisphere ex- cept Russia, China, Central Europe and portions of West Africa.

WESTERN HEMISPHERE



SPECIAL PRODUCTS

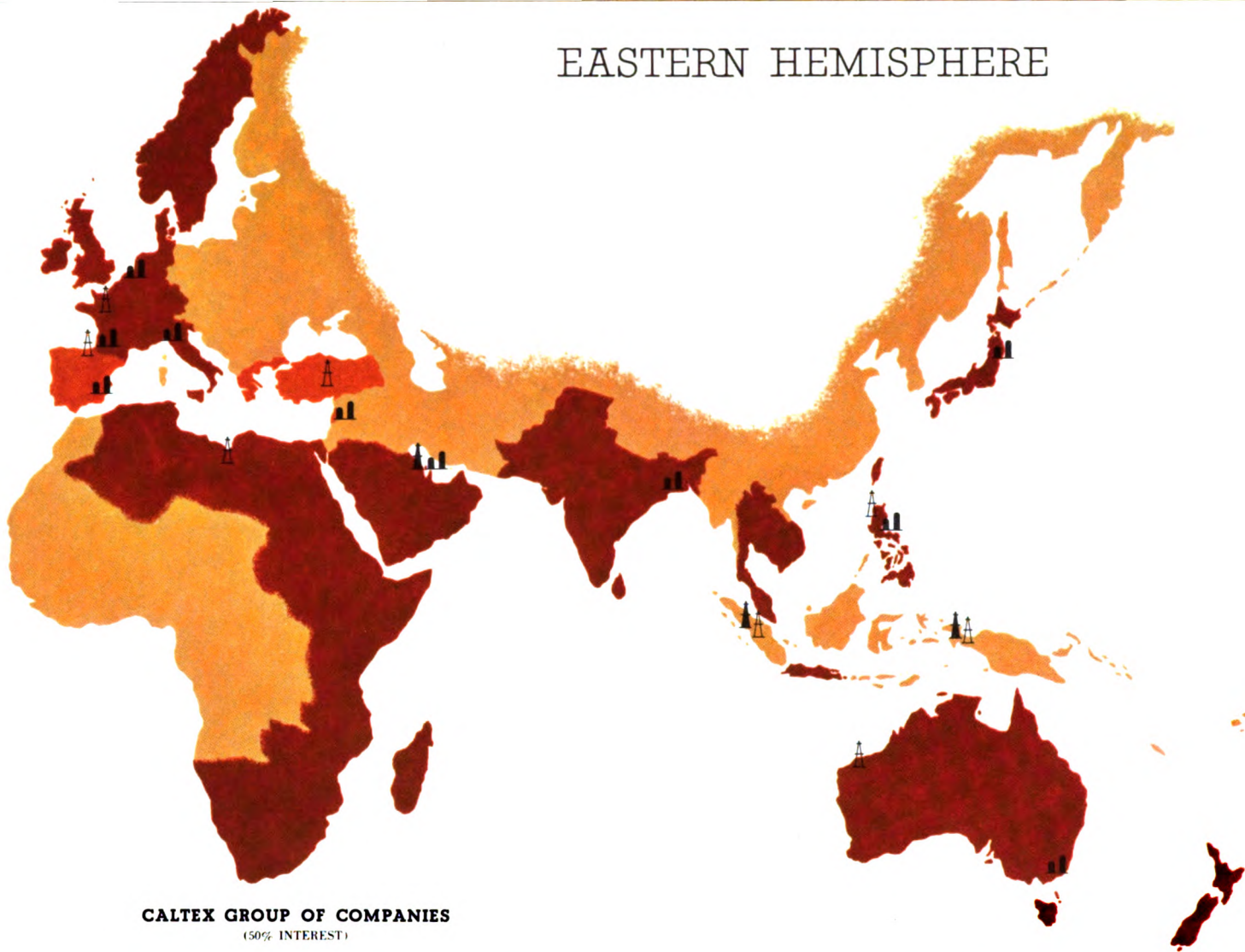
AMERICAN BITUMULS & ASPHALT COMPANY



ORONITE CHEMICAL COMPANY CALIFORNIA SPRAY-CHEMICAL CORPORATION

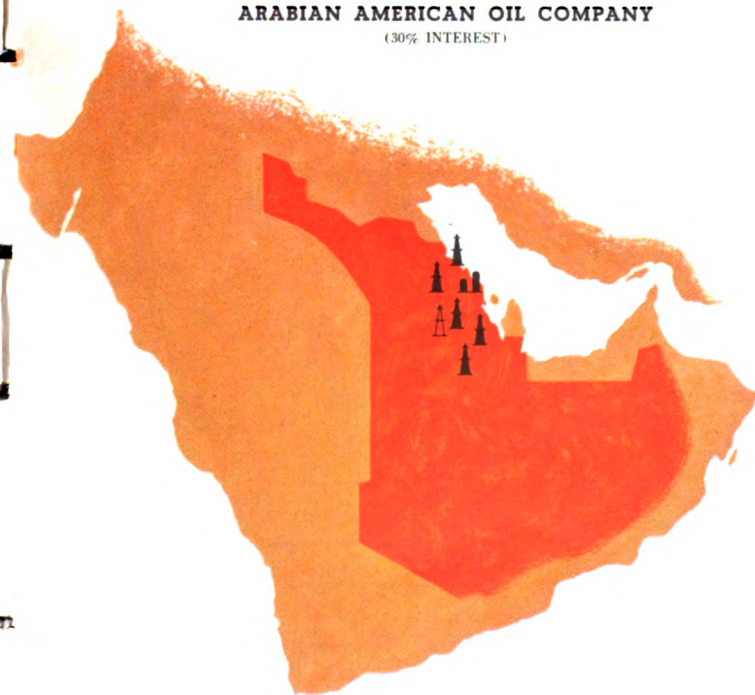


EASTERN HEMISPHERE



 PRODUCTION
  EXPLORATION
  REFINERIES
  PRINCIPAL DIRECT MARKETING AREAS SUPPLIED BY CALTEX
  PRINCIPAL AREAS SUPPLIED WITH CALTEX BULK PRODUCTS
  CONCESSION AREAS

ARABIAN AMERICAN OIL COMPANY (30% INTEREST)



IRAN CALIFORNIA OIL COMPANY



ANNUAL MEETING OF STOCKHOLDERS . . . FIRST THURSDAY IN MAY, AT THE COMPANY'S
PRINCIPAL BUSINESS OFFICE, STANDARD OIL BUILDING, 225 BUSH STREET, SAN FRANCISCO.

TRANSFER AGENTS: Standard Oil Company of California, Standard Oil Building, San
Francisco 20, California; The Chase Manhattan Bank, 11 Broad Street, New York 15, N. Y.

REGISTRARS: Crocker-Anglo National Bank, 1 Sansome Street, San Francisco 20,
California; The First National City Bank of New York, 2 Wall Street, New York 15, N. Y.



Laboratory oil field model.



Geologist and cores, Red Wash, Utah.



Refinery trainee, Saudi Arabia



Tanker at Long Wharf, Richmond.



Offshore Gulf drilling rig.